



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

December 29, 2005

SB/SE Control No. 05-1205-074
Expiration Date: December 31, 2006
Impacted IRM 5.1.4

MEMORANDUM FOR DIRECTOR, ADVISORY, INSOLVENCY AND QUALITY
DIRECTOR, COLLECTION AREA OPERATIONS

FROM: Cheryl Sherwood /s/ Cheryl Sherwood
Director, Collection Policy

SUBJECT: Interim Guidance for the Processing of Quick/Prompt
Assessments of Form 941

The purpose of this memorandum is to issue interim guidance for processing quick and prompt assessments of Forms 941. Since these procedures are temporary, they will not be incorporated into the Internal Revenue Manual 5.1.4.

During the past few months, we have been experiencing processing issues with quick and prompt assessments, via Form 2859, Request for Quick and Prompt Assessment. While field staff has been successful in obtaining an assessment date and Document Locator Number, the account subsequently goes into an unpostable condition and is not available for review/update on the Integrated Data Retrieval System (IDRS).

Until programming changes are completed, quick and prompt assessments of Forms 941 will continue to go into an unpostable condition. Therefore, effective immediately, it is imperative that all Collection field employees follow the enclosed procedures which include the completion and electronic transmission of Form 3870, Request for Adjustment. We realize that this interim procedure will take additional time to complete, but this is the only means to ensure accurate processing of these assessments.

Any quick and prompt assessments currently affected by this unpostable condition will be worked at the campus level, but will also require completion of Form 3870. We have been advised that campus staff will be sending a copy of the existing Form 2859 back to the originator to use as a guide when completing Form 3870. All completed Form 3870s will be forwarded electronically via secured email to the Centralized Case Processing (CCP) site at the Philadelphia Campus. The applicable CCP email address is based on the collection area office location, and is referenced in the attached procedures.

Please disseminate these procedures to all Collection field employees. If you have any questions, please contact me, or a member of your staff may contact Marc Aronin or Lou Panelli. Field employees should raise any questions or concerns through their appropriate management chain.

Attachments (2)

cc: Director, Compliance Services Campus Operations
Director, Wage and Investment Submission Processing

1. TIN		Cross Reference TIN	
2. Name		3. Originating Office	
Street Address		TC <input type="checkbox"/> CC <input type="checkbox"/>	
City	State	Zip Code	Telephone Number ()
4. MFT	5. Period Ending	6. Assessment Date	
8. DLN		9. Renumbered DLN	

Department of the Treasury
Internal Revenue Service

request for adjustment

Catalog No. 22515Q

7. Source			
TDA <input type="checkbox"/>	Letter <input type="checkbox"/>	Claim <input type="checkbox"/>	Other <input type="checkbox"/>
10. Personal Contact			
Yes <input type="checkbox"/>	No <input type="checkbox"/>	POA <input type="checkbox"/>	

11. Reason for Adjustment	

12. I hereby request that the items indicated above be included or changed on my Federal Tax Return or account as identified.	
Signature of Taxpayer	Date
13. Signature of Preparer	Telephone (work) (FAX) / Date
14. Approving Official Signature and Title	Date

Assessment, Item, or Credit Adjustment Processing Information

15. Sequence Number	16. Blocking Series	17. Del. Int. to Date	18. Source Code	19. Reason Code	20. Math Error Code	21. Hold Code	22. Other
23. Priority Code	24. Posting Delay Code	25. Source Doc. Attached	26. Other	27.	28.		
29. TC No.	Increase / Decrease		Ref. No.	Item Adjustment	Ref. No.	Credit Adj.	

30. Remarks

31. Terminal Operator's Number	Employee I.D.	Date Input
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1. TIN		Cross Reference TIN	
2. Name		3. Originating Office	
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City	State	Zip Code	Telephone Number ()
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Preparation and Routing Instructions for Form 3870

Item	Action
1.	Enter the taxpayer's EIN (BMF) or SSN (IMF) as appropriate. If the taxpayer is married or there is a cross reference to another SSN or EIN and that number is affected list that number.
2.	Enter the current name and address of the taxpayer. If the name or address differs from the assessment document, enter the name or address shown on the assessment document as remarks under Reason for Adjustment. If a Power of Attorney (POA) is representing the taxpayer also include the name of the POA and address if different than the account. Include the daytime telephone of the taxpayer or POA.
3.	Enter the district and employee assignment number of the originating office. Enter the IDRS transaction code and closing code for the request for adjustment.
4.	Enter the Master File Tax (MFT) account code: 01 - Form 941, 02 - Form 1120, 03 - Form 720, 09 - Form CT-1, 10 - Form 940, 30 - Form 1040 or as appropriate.
5.	Enter the month, day, and year (mmddyy) which ends the period to which the adjustment relates
6.	Enter the date of assessment to which the adjustment pertains as determined from the notice or account.
7.	Check applicable box. If "Other" is checked, specify.
8.	Enter the Document Locator Number (DLN) shown on the source document, if available.
9.	To be completed by the Returns Index and File Unit.
10.	Check the appropriate block.
11.	Give a complete statement of facts explaining why the adjustment is to be made.
12.	If this request is based on "personal contact", obtain the taxpayer's signature and enter the date of the signing.
13.	Signature, telephone and fax number of the employee preparing the request and date the request is completed.
14.	Self explanatory.
15. - 30.	To be completed by the input operator.
31.	Self explanatory.

Distribution:

Part 1: Route for terminal input.

Part 2: For processing as Form 3177.

Part 3: Retain with case.

REVENUE OFFICER INSTRUCTIONS FOR CORRECTION OF UNPOSTABLE QUICK/PROMPT ASSESSMENTS

The enclosed interim procedures will serve as a work around and will be effective until the necessary programming changes can be made.

Effective immediately, these instructions must be followed when quick or prompting a Form 941, Employment Tax Return. The instructions directly impact the processing of Form 2859, Request for Quick or Prompt Assessment. As part of the work around procedures, field employees will be required to complete Form 3870, Request for Adjustment.

FOR PREVIOUSLY SUBMITTED QUICK AND PROMPT ASSESSMENTS THAT SUBSEQUENTLY WENT INTO AN UNPOSTABLE CONDITION:

The unpostable quick/prompt assessments currently being held by the campuses will be corrected by the Accounting Manual Assessment (AMA) function. The campus function will be sending a copy of Form 2859, back to the originator requesting that the originator complete a Form 3870. Please follow the instructions below for completion and forwarding of Form 3870. All processing of Form 3870's will be completed by the Centralized Case Processing site at the Philadelphia Campus.

PREPARING FORM 2859, REQUEST FOR QUICK OR PROMPT ASSESSMENT AND FORM 3870, REQUEST FOR ADJUSTMENT:

- Prepare Form 2859, Part C based on existing procedures;
- Prepare Form 2859, Part D as follows:

IF	Then
Form 941 Rev. 2005 No TC 150	From the Form 941 , add lines 3 (Total Income Tax) and Line 7d (Current year's income tax withheld) together. Enter the total on Line 8 of Form 2859 – Part D NOTE: There is seldom an entry on Line 7d of Form 941 See Exhibit I for a detailed explanation
Form 941 Rev. 2004 and prior No TC 150	From the Form 941 , add lines 3 (Total Income tax withheld from wages, tips and sick pay) and Line 4 (Adjustment of withheld income tax for preceding quarters) together. Enter the total on Line 8 of Form 2859 – Part D See Exhibit III for a detailed explanation
Form 941 Rev. 2004 and prior TC 150 Posted to Master File	Use old Reference Numbers and input per Exhibit II . NOTE: This scenario generally will not apply to collection personnel

IMPORTANT: Monitor the BMF account to ensure that the Transaction Code (TC) 150 has posted to IDRS. Once TC 150 has posted, prepare the Form 3870 and forward it to the Centralized Case Processing site at the Philadelphia Campus via secured electronic EMAIL.

PREPARATION OF FORM 3870, REQUEST FOR ADJUSTMENT:

The Form 3870 must be completed to ensure that withheld taxes are credited properly to the taxpayers account. Failure to complete and forward this form will result in incorrect processing of the quick/prompt assessment. Use the macro or PDF fill-able version of the Form 3870. See example and use as a reference guide.

Complete Items 1 through 10

Item 11 – Reason for Adjustment: Correct Reference Numbers 109 and 111.

Enter at the top of Form 3870: “Process Form 3870 after TC 150 has posted to IDRS.” This will serve as an alert CCP for processing purposes.

IMPORTANT: When sending the Form 3870 to CCP for processing, use the following email addresses based on your area location:

- *CTR CS GCP Western
- *CTR CS GCP Gulf States
- *CTR CS GCP California
- *CTR CS GCP Midwest
- *CTR CS GCP Central
- *CTR CS GCP North Atlantic
- *CTR CS GCP South Atlantic

Please use the address exactly as listed (including *).

Item 29					
TC No.	Amount	Ref No.	Item Adjustment	Ref. No.	Credit Adj.
290	0	109	1,207.00-	111	1,207.00
Explanation: Correct Total Income Tax Withheld amount by adjusting Reference Number 109 and adding Reference Number 111			When adjusting Reference Number 109, only use the amount that was entered on Line 3 of Form 941.		

ADDITIONAL INFORMATION:

Exhibits I, II, and III below, provide instructions on completing Form 2859, Request for Quick or Prompt Assessment and provide the reference numbers and line item entries for Form 2859 based on the Form 941 Line Numbers.

Exhibit I is used when preparing a quick or prompt assessment for a Form 941 with a January 2005 revision date. Exhibit II is used for a quick or prompt for Form 941 that contains a TC 150 posted prior to January 1, 2005. Exhibit III is used for a quick or prompt for a delinquent or substitute Form 941 return filed after January 1, 2005.

These procedures will allow for accurate completion of Form 2859 and prevent occurrences of Unpostable Code 494 RC 1. In addition, these procedures will resolve those unpostables that are in current inventories. Originators of Forms 2859 that are currently in unpostable status may be contacted by the Unpostable Unit personnel to correct the Form 2859 and allow for completion of processing the quick/prompt assessment. The procedures outlined in Exhibits I-III must be used to determine where corrections are needed for the unpostable Form 2859.

Exhibit I Preparation of Form 2859 (Request for Quick or Prompt Assessment) From Form 941 (Rev 2005)

Form 941 Line Number	Form 941 Description	Reference Number	Enter on Part D of Form 2859	Form 2859 Description
3	Total income tax withheld from wages, tips and other compensation	111	Line 8	Total Income Tax Withheld (941, 943, 945)
5a (column 1)	Taxable Social Security wages	004	Line 2	Taxable Social Security Wages (941, 943, 945)
5b (column 1)	Taxable social security tips	005	Line 3	Taxable Social Security Tips (941)
5c (column 1)	Taxable Medicare wages & tips	073	Line 4	Taxable Medicare Wages and Tips (941)
5d	Total social security and Medicare taxes (Column 2, lines 5a+5b+5c = 5d)	112	DO NOT ENTER amount from Line 5d on Form 2859	Amount is computer generated
6	Total taxes before adjustments		DO NOT ENTER amount from Line 6 on Form 2859	Amount is computer generated
7a	Current quarter's fractions of cents	106	Line 5	Fractions of Cents – Adjustment (941)
7b	Current quarter's sick pay	107	Line 6	Sick Pay – Adjustment (941)
7c	Current Quarter's Adjustments for Tips and Group Term Life Insurance	108	Line 7	Tips & Group Term Life Insurance – Adj.
7d	Current year's income tax withholding	109	Line 8	Income Tax Withheld – Adjustment IMPORTANT: Until programming is changed, combine Line 3 and Line 7d and enter on Line 8 of Form 2859 Part D.
7e	Prior quarters' social security and Medicare taxes	110	Line 9	Social Sec. & Med. Tax – Adj. (941, 943, 945)
7f	Special additions to federal income tax (misclassified employees only)	104	Line 10	Special Additions to Federal Income Tax
7g	Special additions to social security and Medicare	105	Line 11	Special Additions to Social Security and Medicare
7h	Total adjustments (combine lines 7a thru 7g)	113	DO NOT ENTER amount from Line 7h on Form 2859	Amount is computer generated

Reference Numbers 111, 112 and 113 must equal TC 290 or TC 300

Lines 1, 2, 4, 5, 5d, 6 and 7 on Form 941 (Rev. 1-2005) are not used for completing Form 2859.

Line 7h – Reference 113 should not be entered on Form 2859.

NOTE: EXHIBIT II GENERALLY DOES NOT APPLY TO COLLECTION EMPLOYEES

Exhibit II Preparation of Form 2859 (Request for Quick or Prompt Assessment)

Form 941 with a TC 150 posted prior to 1/1/2005

Old reference Numbers must be used when completing Form 2859

Form 941 Line Number	Form 941 Description	Reference Number	Enter on Part D of Form 2859	Form 2859 Description
3	Total Income tax withheld from wages, tips, and sick pay	184	Line 1	Total Income Tax Withheld (941, 943, 945)
4	Adjustment of withheld income tax for preceding quarters of this calendar year	003	Line 8	Income Tax Withheld-Adjustment
6a (column 1)	Taxable social security wages	004	Line 2	Taxable Social Security Wages (941, 943, 945)
6c (column 1)	Taxable social security tips	005	Line 3	Taxable Social Security Tips (941)
7a (column 1)	Taxable Medicare wages & tips	073	Line 4	Taxable Medicare Wages and Tips (941)
8	Total social security and Medicare taxes (lines 6b+6d+7b=5d)		DO NOT ENTER Line 8 amount on FORM 2859	This amount is computer generated
9	Sick Pay Fractions of Cents Other	185	Line 9	Combine sick Pay, Fractions of Cents, Other and enter on Line 9
10	Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9)	007	DO NOT Enter Line 10 on Form 2859	This amount is computer generated.

Note: If there is an amount on Line 9; **DO NOT ENTER** Sick Pay and Fractions of Cents on separate line on Form 2859, enter the total amount from Line 9 of Form 941 on Line 9 of Form 2859.

Exhibit III Preparation of Form 2859 (Request for Quick or Prompt Assessments) from a Delinquent or Substitute 941 Return filed after January 1, 2005

NO TC 150 POSTING - Use the 2005 Reference Numbers to complete Form 2859

Form 941 Line Number	Form 941 Description	Reference Number	Enter on Part D of Form 2859	Form 2859 Description
3	Total income tax withheld from wages, tips and sick pay	111	Line 8	Income Tax Withheld - Adjustment
4	Adjustment of withheld income tax for preceding quarters of this calendar year	109	Line 8	Income Tax Withheld – Adjustment IMPORTANT: Until programming change, combine lines 3 and 4 of Form 941 and enter total on line 8 of Form 2859.
6a (column 1)	Taxable social security wages	004	Line 2	Taxable Social Security Wages (941, 943, 945)
6c (column 1)	Taxable social security tips	005	Line 3	Taxable Social Security Tips (941)
7a (column 1)	Taxable Medicare wages & tips	073	Line 4	Taxable Medicare Wages and Tips (941)
8	Total social security and Medicare taxes		DO NOT ENTER amount from Line 8 on Form 2859	This amount is computer generated
9	Adjustment of social security and Medicare taxes: Sick Pay Fractions of Cents Other	 107 106 110	 Line 6 Line 5 Line 9	Do not combine Sick Pay, Fractions of Cents and Other together when TC 150 posted after 1/1/2005.

Note: For Adjustment of Social Security and Medicare taxes, Line 9, enter Sick Pay and Fractions of Cents on the appropriate lines (5 and 6) and enter “Other” on Line 9 with Reference Number 110.